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SECDEF FOR DUSD BRYEN
E.O. 12356: N/A

<TAGS>

TAGS: PARM, MNUC, ETTC, IT

<SUBJ>

SUBJECT: FRIEDMAN BOOK ON FIAT: "AGNELLI AND THE
NETWORK OF ITALIAN POWER"

<TEXT> REF: ROME 21954

1. PUBLICITY BLURB ON SUBJECT BOOK, INTER ALIA, TOUCHES
ON FOLLOWING: "WHAT DID AGNELLI HAVE TO DO WITH
BALLISTIC MISSILE TECHNOLOGIES AND THE MIDDLE EAST? ONE
OF FIAT'S COMPANIES IS SNTA BPD. SNTA WAS INVESTIGATED
BY THE CIA, THE PENTAGON AND BY OTHER US GOVERNMENT
DEPARTMENTS WHICH LEARNED OF AN INTERNATIONAL NETWORK
THAT RAN FROM THE MIDDLE EAST THROUGH EUROPE AND TO
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ARGENTINA. THIS NETWORK, USED MONEY FROM IRAQ AND EGYPT TO BUY TOP-SECRET MISSILE TECHNOLOGIES FROM FIAT'S SNTA SUBSIDIARY IN ITALY (AND ALSO FROM MESPIERSCHMIDT IN GERMANY). THESE TECHNOLOGIES WERE SHIPPED TO ARGENTINA, WHERE THE MISSILE WAS TESTED AS THE "CONDOR 2". WHEN THE ARGIES RAN OUT OF MONEY LAST YEAR, THE MISSILE PROJECT SHIFTED TO EGYPT AND WAS RENAMED THE "BADER 2000" PROJECT. THESE MISSILES, WITH A RANGE OF AROUND 500 KILOMETRES, COULD TAKE OUT THE FALKLANDS IN ONE GO, AND COULD ALSO DRAMATICALLY ALTER THE BALANCE OF POWER IN THE MIDDLE EAST SO THAT ISRAEL'S ENEMIES COULD HAVE DECISIVE NEW MILITARY POWER. THEY ARE ALSO CAPABLE OF CARRYING NUCLEAR WARHEADS."

2. "WHAT ACTION DID WASHINGTON TAKE AGAINST THE AGNELLI GROUP? USG COMPLAINED TO ITALY AT THE HIGHEST LEVELS. FINALLY IN LATE 1987, THE ROME GOVERNMENT, UNDER INCREASING PRESSURE FROM WASHINGTON, ADMITTED VIA PRIVATE DIPLOMATIC CHANNELS THAT SNTA HAD INDEED VIOLATED THE MISSILE CONTROL AGREEMENT. THE USG IN 1987 BANNED THE TRANSFER OF SECRET NEW MISSILE TECHNOLOGIES TO FIAT FROM US COMPANIES SUCH AS UNITED TECHNOLOGIES (FIAT'S PARTNER IN THE WESTLAND SAGA) AND LTV. THIS BAN WAS LIFTED IN APRIL 1988 AFTER EXTENSIVE FIAT LOBBYING IN WASHINGTON, BUT AGNELLI IS UNLIKELY TO GET ANY STAR WARS CONTRACTS IN FUTURE."

3. IN CHAPTER 15 "THE MISSILE CASE" ROME 27138, DEALING WITH SNTA'S VIOLATION OF MTCR, IS PARTIALLY REPRODUCED.

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